

PRESS RELEASE

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UNITED STATES ATTORNEY FLYNN IMPOSES ZERO TOLERANCE POLICY ON DISASTER FRAUD CRIMINAL ACTIVITY

U.S. Attorney Terrance P. Flynn announced his office has imposed a zero tolerance policy for any federal disaster fraud related crimes. According to Flynn, the message is simple, “if you engage in fraudulent behavior, you will be prosecuted to the fullest extent of the federal law.”

The United States Attorneys Office for the Western District of New York includes the 17 Western counties of New York. These 17 counties include Erie, Genesee, Niagara, and Orleans, the four counties declared a disaster emergency by President Bush. Working side-by-side with the FBI, Secret Service, Postal Inspectors, Office of the Inspector General for the Department of Homeland Security, the Erie, Genesee, Niagara, and Orleans County Sheriff’s Departments, and the New York State Attorney General’s Office, we are together committed to bringing the full weight of the law enforcement community behind our effort to make sure that we identify criminals and bring them to justice.

Flynn indicated that together, the law enforcement community will aggressively target those individuals who seek to perpetrate frauds upon the victims of the storm as well as those who seek to divert insurance or, potentially, FEMA benefits. “We will not tolerate diversion of government benefits from victims to thieves and/or insurance abuse”, Flynn said.

Flynn, citing lessons learned from the Hurricane Katrina disaster, noted that the principal types of fraud would likely include:

1. *Fraudulent Charities*: Cases in which individuals falsely hold themselves out as agents of a legitimate charity or create a “charity” that is in fact a sham;
2. *Identity Theft*: Cases in which the identities of innocent victims are “stolen” and assumed by criminals who convert the funds of, or otherwise defraud, the victims;
3. *Government- and Private-Sector Benefit Fraud*: Cases in which individuals file false applications seeking benefits to which they are not entitled, and file fraudulent claims for insurance;
4. *Government-Contract and Procurement Fraud*: Cases in which individuals and companies engage in fraud relating to federal funds for the repair and restoration of infrastructure, businesses, and government agencies in the affected region; and
5. *Public Corruption*: Cases in which public officials participate in bribery, extortion, or fraud schemes involving federal funds for the repair and restoration of infrastructure, businesses, and government agencies in the affected region.

Flynn noted that the law enforcement community is together committed to ensuring the integrity of relief and reconstruction efforts and guarding against the unlawful diversion of federal, state, and charitable funds intended to rebuild the region and help its residents. We will continue to keep the public informed about fraudulent schemes, and to give them the information

they need to avoid becoming victims of fraud. Flynn indicated that he felt it was important to deliver this message early so that would-be fraudsters will think twice before engaging in this type of criminal activity.

Flynn, once again citing lessons learned from other disasters such as Hurricane Katrina, noted that the following fraudulent schemes are commonly employed following disaster such as this, and cautioned that persons involved in such schemes will be aggressively investigated and prosecuted:

1. Persons living outside the disaster areas – often two or three states away – who falsely claimed to have primary residences within the disaster areas;
2. Persons using Social Security numbers other than their own on multiple applications;
3. Prison and jail inmates, incarcerated at facilities outside the disaster areas, who falsely claimed their primary residences in the disaster areas had been damaged; and
4. Persons misrepresenting themselves to be agents of bona fide charitable organizations.

Flynn noted that the law enforcement community has set-up an FBI HOTLINE at 716-856-7800 to receive tips regarding any storm-related fraud.